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DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION:
TRADE AND DEVELOPMENT

Strengthening international organizations in the area of multilateral trade

Report of the Secretary-General

I. INTRODUCTION

1. In its resolution 47/184 of 22 December 1992, the General Assembly, after having recalled its resolutions 45/201 of 21 December 1990 and 46/207 of 20 December 1991 and taking note of the progress report by the Secretary-General concerning institutional developments related to the strengthening of international organizations in the area of multilateral trade (A/47/410), requested the Secretary-General to prepare, for submission to the Assembly at its forty-eighth session, an updated report on this matter, taking into account the positive outcome and developments of the eighth session of the United Nations Conference on Trade and Development (UNCTAD) and the developments in the Uruguay Round of multilateral trade negotiations. The Assembly urged once again all Governments and the executive heads of the specialized agencies and other organizations and programmes of the United Nations system to endeavour to present their views to the Secretary-General on this matter.

II. VIEWS OF GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

2. In 1991, the Secretary-General of UNCTAD, pursuant to Assembly resolution 45/201, had, on behalf of the Secretary-General of the United Nations, solicited the views of the executive heads of 25 specialized agencies and relevant organizations and programmes of the United Nations system. In the light of the views expressed by agencies, a note verbale from the Secretary-General of UNCTAD was subsequently circulated to all Governments inviting their views. The background note annexed to the note verbale was also annexed to the note by the Secretary-General on this issue, which was submitted to the Assembly at its forty-sixth session (A/46/565).

3. Responses to the note verbale received from nine Governments and the Commission of the European Communities were reflected in the progress report by the Secretary-General submitted to the Assembly at its forty-seventh session (A/47/410).

4. Since the adoption of resolution 47/184, no further replies from Governments or international organizations have been received. As may be recalled, most of the previous responses from Governments emphasized that, given the unfinished state of the Uruguay Round, the time might not be ripe to define a clear line of action or to draw conclusions as to the institutional needs of a global trading system.

III. DEVELOPMENTS IN UNCTAD SINCE ITS EIGHTH SESSION

5. After the positive outcome of the eighth session of UNCTAD, work in UNCTAD concentrated on the implementation of the Conference's "Cartagena Commitment". 1/ Its focus has been twofold: first, in giving effect to the far-reaching reforms enacted at the eighth session with regard to the intergovernmental machinery and working methods of the institution, and second, on re-orienting and enhancing the substance of its activities with the aim of effectively addressing the new realities, challenges and opportunities in the area of trade and development through the adoption and initial implementation of comprehensive work programmes for all of its new intergovernmental organs, with the emphasis on policy analysis, intergovernmental deliberation leading to a consensus-building and negotiation, and technical cooperation.

6. The General Assembly, in its resolution 47/183 of 22 December 1992 entitled "Eighth session of the United Nations Conference on Trade and Development", welcomed these reforms and agreed that the measures were a valuable contribution to the process of restructuring the economic and social sectors of the United Nations.

7. Several of the decisions adopted at the eighth session of UNCTAD have a direct bearing on the issue of strengthening international organizations in the area of multilateral trade. Thus, the Conference reaffirmed the mandate and important role of UNCTAD as regards the international trading system, and established broad policy objectives of the international community in this area. The Conference also agreed that UNCTAD provided the most appropriate focal point, within the United Nations proper, for the integrated treatment of development and interrelated issues in key areas including trade, finance, investment, services and technology, in the interests of all countries, particularly those of developing countries. The Assembly, in its resolution 47/183, reaffirmed that role of UNCTAD.

8. The eighth session of UNCTAD also identified a number of new tasks for the organization in the area of multilateral trade. In particular, the Trade and Development Board of UNCTAD was requested to analyse the impact of the Uruguay Round on the international trading system and, in this context, to examine the problems and opportunities for developing countries, as well as for economies in transition in Central and Eastern Europe, in increasing their participation in international trade in goods and services in the 1990s. The first consideration of these topics by the Board is scheduled for spring 1994. Other ongoing or

scheduled activities of the Board include consideration of such topics as trade policy reforms in developing countries and the international support required, regional integration processes and their impact on the international trading system, and trade and environment. Following the work of UNCTAD on restrictive business practices, issues of competition are also likely to assume prominence in the future work of the institution.

9. At the second part of its thirty-ninth session, in March 1993, the Board adopted agreed conclusions aimed at achieving effective support by the international community for trade policy reforms and structural adjustment in developing countries (see TD/B/39(2)/23). It was also agreed that UNCTAD should consider the identification and treatment of key emerging issues of trade and development, including an early warning perspective, in a rapidly changing world. The Board, at an executive session, will address possible approaches in this regard. In carrying out this mandate, the work of other relevant international organizations will be taken fully into account in order to ensure mutually reinforcing and supportive approaches in all relevant activities.

10. The discussion on the evolution and consequences of economic spaces and regional economic processes and their impacts on developing countries and the international trading system is envisaged for the first part of the Board's fortieth session in September 1993. At the same session, the Board will be discussing the issue of trade and the environment as part of the contribution of UNCTAD to the follow-up of the United Nations Conference on Environment and Development. It has been decided that initially the Board should concentrate on the reconciliation of environmental and trade policies, including the need to ensure that environmental measures do not become an instrument of trade protection.

11. At the same time, a number of matters directly linked to the functioning of the international trading system are being considered by the newly established intergovernmental organs, particularly the Standing Committee on Developing Services Sectors and the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries. The work programme of the Standing Committee on Developing Services Sectors envisages activities aimed, in particular, at assisting developing countries in developing and strengthening their competitive service sectors, and increasing their exports of services. The work programme of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries concentrates on the analysis and identification of product and export market opportunities which are a consequence of developments such as structural adjustment policies in various countries and trade measures, including liberalization measures such as those envisaged for implementing the results of the Uruguay Round.

12. UNCTAD continues to undertake technical cooperation activities by providing technical assistance and expertise in the area of international trade to developing countries, including activities related to their effective participation in the Uruguay Round and the implementation of its results. Since the eighth session of UNCTAD several Governments, including those of some countries in transition to a market economy, have indicated their interest in obtaining technical cooperation from UNCTAD on matters relating to their effective integration and participation in the international trading system.

13. Although the far-reaching institutional reform measures adopted by UNCTAD at its eighth session have been largely implemented, further work is needed to address a few outstanding institutional issues such as the optimal forms of the outcome of the intergovernmental deliberation. Nevertheless, the new consensus on the role of UNCTAD in the international trading system resulted in a number of positive developments. At the second part of its thirty-ninth session, in March 1993, the Trade and Development Board adopted the Message to the Governments participating in the Uruguay Round, urging its early and successful conclusion. This policy action was transmitted directly to the Trade Negotiations Committee of the Uruguay Round and derived added weight from the universal character of the Board. This effort was continued in April 1993 at the third executive session of the Board, which was devoted to developments in the Uruguay Round.

14. Recent activities in UNCTAD have demonstrated the willingness of member States to assign UNCTAD a wider scope for policy analysis, including in areas involving conceptual innovation as well as research in the field of trade and development. UNCTAD is therefore well placed to contribute to the processes of consensus-building and policy-making regarding the post-Uruguay Round trade agenda, looking towards future multilateral trade negotiations which would take into account concerns and interests of all countries.

IV. DEVELOPMENTS IN THE URUGUAY ROUND

15. The prospects for a successful conclusion of the Uruguay Round have been brightened by the results of the Tokyo summit, where leaders of the seven major industrialized countries and the representatives of the European Communities renewed their determination to achieve with all their partners a global and balanced agreement before the end of the year. Their commitment was accompanied by the agreement on market access issues reached among the United States, the European Communities, Japan and Canada on 7 July 1993 (the so-called "Quad Agreement"), which led to a resumption of multilateral negotiations in the Uruguay Round in the middle of July 1993. It is expected that the intensive negotiating process in the Uruguay Round will accelerate in the coming months in the context of a concrete work programme with the aim to complete the negotiations by 15 December 1993.

16. The draft Final Act embodying the results of the Uruguay Round of multilateral trade negotiations was submitted to participating Governments on 20 December 1991 and has been before them since then. This document includes, as an integral part, the draft agreement establishing the multilateral trade organization (MTO). A description of the latter was included in the report submitted by the Secretary-General to the Assembly at its forty-seventh session (A/47/410).

17. Although the draft Final Act was considered by the majority of the participants as the main basis for a successful and balanced conclusion of the Uruguay Round, some participants raised questions regarding some parts of this document, including the draft MTO agreement. In the latter context, the necessity was questioned of creating such an organization to achieve the objectives of the Round. On 31 August 1993, at the meeting of the Trade Negotiations Committee of the Uruguay Round, it was decided to establish an

informal group to discuss the institutional issues of the Round, including the proposed MTO. The group is scheduled to start its work in the week beginning 20 September 1993 with a view to concluding its work by the third week of October 1993.

V. CONCLUSION

18. Taking into account the views expressed by Governments and the still unfinished state of the Uruguay Round, including its institutional follow-up, it may be advisable to review this matter again at the forty-ninth session of the General Assembly on the basis of an updated report of the Secretary-General on strengthening international organizations in the area of multilateral trade. This report would take into account the relevant developments, including the continuing implementation of the "Cartagena Commitment" and the expected final outcome of the Uruguay Round. As the latter might call for further clarifications in the positions of Governments, it may be necessary for the Secretary-General, in preparing the report, to invite Governments to submit their further views on this matter.

Notes

1/ TD/364, part one, sect. A.